

220 CMR 30.00: REQUIRING PRIVATE INVESTOR-OWNED ELECTRIC
 COMPANIES OPERATING WITHIN THE COMMONWEALTH TO
 ADOPT RATE STRUCTURES BASED ON PEAK LOAD AND TIME
 DIFFERENTIAL PRICING AND RELATING COSTING
 METHODOLOGIES

Section

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30.01: Proposal Content in Peak Load Pricing

- (1) Each electric utility company shall propose an allocation of future and, where possible, pending rate increase requests among customer classes in accordance with the principles of peak load pricing. Such proposed allocations shall include at a minimum the following information:
 - (a) a specification of the company's choice of an allocation method for demand responsibility,
 - (b) a discussion of the company's reasons for selecting that allocation method,
 - (c) an exhibit displaying the cost allocations and the cost data developed pursuant to that choice,
 - (d) an exhibit displaying the methodology used to translate these cost data and cost allocations into the company's proposed revenue allocations.Such proposed allocations shall include a discussion of how the company has taken into consideration the various customer classes' contribution to system peak demand and to the growth in system peak demand.

30.02: Load Research Program

- (1) Each electric utility company shall file with the Department a load research program as soon as possible, but no later than one month after the adoption of 220 CMR 30.00.
- (2) This proposal shall detail a program that is sufficient to allow the company to determine the load characteristics of residential, industrial and commercial customers.

- (3) In addition, the program must be adequate to estimate the impact of peak load pricing and load management upon individual customer bills and general revenues.
- (4) It shall also provide the information necessary to develop the synthetic rate discussed in 220 CMR 30.05.
- (5) Each company shall also file an estimate of the costs of the load research program.

30.03: Filing Peak Load Pricing Rates

- (1) No later than three months after the effective date of 220 CMR 30.00, each electric utility company shall file optional peak load pricing rates.
- (2) These rates shall be made available to any customer, residential, industrial, or commercial, who elects to pay the cost of the necessary metering equipment. Each company shall include in its tariff filing the following information:
 - (a) the methodology employed to calculate the rate levels and peak periods,
 - (b) the type and cost of the metering equipment,
 - (c) the methods by which the availability of this rate is communicated to customers,
 - (d) the procedures established to install the new meters,
 - (e) an estimate of the costs of the program, and
 - (f) the measures taken to prevent potential revenue losses such as designing the rates to produce reductions in peak demand.
 - (g) Each electric utility company shall also file with the Department bi-monthly reports showing the effect on revenues of the optional rates.

30.04: A Comprehensive Load Management Plan

- (1) No later than three months after the effective date of 220 CMR 30.00, each electric utility company shall file with the Department a comprehensive load management plan. Each plan must, at a minimum, address the following items:
 - (a) interruptible rates,
 - (b) ripple control,
 - (c) two-way communication,
 - (d) off-peak water heating,
 - (e) off-peak storage heating,
 - (f) off-peak storage cooling,
 - (g) cogeneration and systems using alternative energy sources such as solar and wind power.

30.05: Justifying Cost in Peak Load Pricing

- (1) Nine months from the effective date of 220 CMR 30.00, each electric utility company shall file with the Department a proposal for the mandatory implementation of peak load pricing.
- (2) This proposal must include a metered peak load pricing rate for all customers whose usage is sufficiently high to justify the cost of the additional metering equipment. For all other customers, each company must propose a synthetic peak load pricing rate or rates. These synthetic rates may, for example, charge sub-classes within this group of customers according to their relative contribution to daily, seasonal and/or annual peaks.
- (3) Neither the metered nor the synthetic rates shall incorporate a declining block structure unless it is specifically cost-justified. Moreover, the cost justification must be so significant that it completely outweighs any countervailing environmental or energy policies.

The following information concerning such proposed rates must be submitted:

- (a) the methodology employed in designing the rate levels and peak periods,
 - (b) the underlying cost data to which the company's methodology was applied,
 - (c) the type and cost of the metering equipment,
 - (d) an estimate of the costs of the proposal,
 - (e) the impact such rates would have on customers,
 - (f) the effect of rates on the company's load factor,
 - (g) a time schedule for implementation of the rates, and
 - (h) measures to be taken to avoid any adverse economic effects.
- (4) This proposal shall also include a public education program and a consideration of the effects of mandatory implementation on lifestyles and the economy in Massachusetts.
 - (5) The proposed rates, when filed, shall not reallocate revenues among existing customer classifications. They must be designed initially in such a manner that each customer classification provides the same percentage of the total revenue requirement as it does under existing rates.

30.06: Cost of Service Studies

- (1) Nine months from the effective date of 220 CMR 30.00, each electric utility company shall file with the Department a minimum of two cost of service studies.
 - (a) One study must be based on historical embedded costs;
 - (b) the other, on marginal costs.

- (2) Each company shall consider, as part of these studies, the desirability of replacing the traditional customer classes, residential, industrial and commercial, with categories based on factors such as
 - (a) usage characteristics, and
 - (b) voltage levels.
- (3) Before undertaking such cost of service studies, each electric utility company shall file with the Department,
 - (a) a plan outlining the methodologies proposed,
 - (b) the consultants or other persons whom it proposes to work on the studies, and,
 - (c) an estimate of the costs of the studies.

30.07: The Problem of Needle Peaks

Each electric utility company shall file a proposal to deal with temperature-sensitive loads and the problem of needle peaks. Examples of acceptable proposals include temperature-sensitive rates and direct controls on appliances such as air conditioning units.

REGULATORY AUTHORITY

220 CMR 30.00: M.G.L. c. 164 §§ 76 and 76C.